

## Example Subrecipient Risk Assessment and Monitoring Policy and Procedures

1. Determine if a subrecipient, contractor, or beneficiary relationship exists
  - a. Are you providing funds to individuals/entities for the purpose of directly benefitting the individual/entity as a result of experiencing a public health impact or negative economic impact of the pandemic? If yes, this is a beneficiary relationship and subrecipient monitoring and reporting is not required; you must document the decision along with a second level approval of the determination.
  - b. If there is not a beneficiary relationship, complete the AGA Subrecipient vs. Contractor Checklist and collect the proper approvals.
2. If subrecipient relationship is confirmed, Agency must complete the Subrecipient Risk Assessment Form, collect available audited financial statements and tax forms, and any other information necessary to establish a risk level.
  - a. Agency must also confirm that the subrecipient is not suspended or debarred from doing business with the federal government: <https://sam.gov/content/exclusions>.
3. Upon receipt of required information, Agency must review and establish a risk-level (low, medium, and high) and associated subrecipient monitoring plan.
  - a. Low-Risk Monitoring Plan
    - i. Standard agency subaward processes are permitted.
    - ii. Random sampling of expenditures for supporting documentation/detail should be conducted at least once per year.
    - iii. Agency must send reminders to the entity of federal single audit requirements.
      1. If the Agency subaward to the entity is \$750,000 or more, subrecipient must complete a federal single audit and Agency is responsible for confirming the entity completes a federal single audit. If the entity does not complete the federal single audit they are in violation of federal compliance requirements and corrective action must be taken.
      2. If Agency subaward to the entity is less than \$750,000, Agency should still notify the entity of the requirement as the \$750,000 threshold is a cumulative of all federal funds an entity receives during the entity's fiscal year. Agency must verify if an entity is required to perform a federal single audit by checking the total of federal awards made to an entity through [www.usaspending.gov](http://www.usaspending.gov). Corrective action is needed if the federal single audit threshold is met but the entity has not completed a federal single audit.
  - b. Medium-Risk Monitoring Plan
    - i. Payments made on reimbursement basis only and reviewed for allowability. See Federal Funds Allowability Checklist.
    - ii. Random sampling of expenditures for supporting documentation/detail should be conducted at least quarterly.
    - iii. See Federal Single Audit requirements under Low-Risk Monitoring Plan.
  - c. High-Risk Monitoring Plan
    - i. Payments made on reimbursement basis only.
    - ii. Reimbursement requests should include supporting detail/documentation for all expenditures.

- iii. Prior approval required for subrecipient subawards, subcontracts, equipment purchases, and capital expenditures.
- iv. See Federal Single Audit Requirements under Low-Risk Monitoring Plan.
- v. For highest risk entities: subrecipient should include costs for management/technical assistance costs to support successful administration of the subaward.